

State of Wisconsin, Department of Revenue

DIVISION OF STATE AND LOCAL FINANCE, BUREAU OF PROPERTY TAX, 2135 Rimrock Road, P.O. Box 8971, MS6-97, Madison, WI 53708-8971

REAL ESTATE TRANSFER NEWS (RETN)

October 2007

The following questions and answers are given as general interpretations of the Wisconsin Administrative Code and Statutes. Should you have any questions, please write to the address above.

This RETN may be found on the Internet at the Real Estate Transfer and Merger/Conversion web site under Resources:
<http://www.revenue.wi.gov/ust/retn.html>

RETN FREQUENTLY ASKED QUESTIONS

- Q1. In the March 2007 RETN there was a question regarding life estates. Is there another table we can use that has a formula to calculate the value of the property being conveyed?**
- A. Yes, in fact it is easier to use. The table is the Wisconsin Department of Health and Family Services Medicaid Eligibility Handbook found at: <http://www.emhandbooks.wi.gov/meh-ebd/>. The value that needs to be on the return is the fair market value actually being transferred. This is calculated on the fair market value of the property multiplied by the factor as determined in the table.
- Q2. Can you explain the purpose of exemption 10? It is our understanding that exemption 10 does not transfer a real estate ownership interest. Is this correct and if so, should the Real Property Lister be changing the tax bill address?**
- A. Exemption 10 "only provides or releases a security" when a deed is used like a "mortgage" and does not convey any interest in the real property. Example: A borrows money from B and B would like "security" for the loan. They do not want to draw up loan papers so A signs a deed to B securing the loan. The deed is recorded and uses exemption 10 notifying the public that B now has an "interest" in the property. By using exemption 10, that "interest" is only security in a loan. It does not give B any fee simple interest that B can use to secure a loan on or transfer the property. B can only deed back to A using exemption 10 to "release security for a debt". If A were to sell the property, B would be required to sign off for the buyer to get clear title and B would get paid back the money he had loaned to A. Since there is no conveyance of a fee simple interest when exemption 10 is used, the Real Property Lister should not change the tax bill address to the grantee unless the "SEND TAX BILL TO:" boxes (Lines 62 to 66 paper return) or "Tax bill mailing address" on the eRETR are filled in.
- Q3. The Real Estate Transfer Return Instructions indicate that the "real estate value transferred" can be zero (0) for exemptions 3, 10, 13 and 17. Please explain why there is no value and zero used.**
- A. Zero (0) may be entered for those exemptions as follows:
- s. 77.25(3), Stats.: *"Which, executed for nominal, inadequate or no consideration, confirms, corrects or reforms a conveyance previously recorded."* The real property was previously conveyed on the deed being corrected by the deed now being recorded using exemption 3. The correction deed does not convey any fee simple interest thus value can be and is zero.
 - s. 77.25(10), Stats.: see **Q2** above. The deed does not convey any real estate, but simply places a "lien" or "cloud" on title.
 - s. 77.25(13), Stats.: *"Of real estate having a value of \$100 or less."* The real estate FAIR MARKET VALUE must be less than \$100.00 and if there is no value, than \$0.00 may be entered. An example would be a lot line correction. You can not use equity, agricultural value for property tax, or a "sale" for under \$100.00 and claim this exemption.
 - s. 77.25(17), Stats.: *"Of a deed executed in fulfillment of a land contract if the proper fee was paid when the land contract or an instrument evidencing the land contract was recorded."* The real estate was conveyed on the land contract and the deed in satisfaction in now completing the title to the vendee.

Q4. A paper transfer return was received with the value not rounded up to the next \$100 showing the exact sales price and the fee was calculated on that value. Would it be ok to change (round up) the amount of fee due on Line 19?

- A. Such a change to reflect the true transfer fee due is acceptable as that type of change is apparent. Example: Value on Line 18 is 100,975 and fee shown on Line 20 is \$302.93. The fee due may be changed to \$303.00 as long as the value on Line 18 remains unaltered. Most times this change is made at the recording counter and the Register of Deed's office is "witnessing" the change and the reason for it. Under no circumstances should the value on Line 18 ever be changed. Examples: (not complete)

Acceptable:

Line 18: no alterations; Line 19: permissible to alter (round/correct fee); Line 20: blank, no entry

Line 18: no alterations; Line 19: blank, no entry; Line 20: permissible to alter (change/correct exemption #)

Line 18: no alterations; Line 19: fee entered; Line 20: exemption removed

Reject:

Line 18: any alterations

Line 18: no alterations; Line 19: any alteration; Line 20: exemption entered

Note that there can be NO ALTERATIONS to ANY data on the eRETR Receipt.

Q5. On a Transfer on Death (TOD-110) evidencing the termination of the decedent's interest who signs as grantor on the transfer form?

- A. The person signing the TOD-110 would sign the transfer return as grantor and as grantee. The TOD-110 requires a notary; however, the transfer return does not.

Q6. I have to record a Transfer by Affidavit (PR-1831) with the Real Estate Transfer Return (PE-500) per s. 77.22(1), Stats. since the assets include real estate. What real estate value do I put on the transfer return?

- A. The real estate value on the transfer return and Transfer by Affidavit needs to be the fair market value per s. 77.21(3), Stats. The value MUST be the fair market value and not the equitable value without regard to liens, debts or other offsets.

Q7. Why is another transfer fee due on an assignment of a vendee's interest in a land contract when the fee was paid on the original land contract?

- A. These transactions are two separate conveyances. First there is a fee on the original land contract (or any instrument evidencing the existence of a land contract) and secondly the sale and obligation of payment on the assignment of land contract per s. 77.21(1), Stats. and Tax 15.04, Wis. Adm. Code.

Q8. What is the measure of the fee when a vendee sells their interest in an original land contract for \$100,000 and there is a balance owing on the land contract in the amount of \$100,000?

- A. The fee is based upon \$200,000 as the amount of the full actual consideration paid there for or to be paid, including the amount of any lien or liens thereon per s. 77.21(3), Stats.

Q9. How should a transfer return be completed when a deed is recorded correcting or reforming a previously recorded deed?

- A. The return should be filled out the same as the original except for:
- The item being corrected (i.e. name of grantor, grantee, legal description etc)
 - "Type of Transfer" – checked "other" and explain as to what is being corrected/reformed
 - Value of real estate transferred is zero (0). See **Q3** above
 - Use exemption 3 to exempt from fee and enter the document number being corrected.

Q10. How should a transfer return be completed when the deed has the person's (or entities) current name and former name or names "also known as" (a/k/a)?

- A. Enter the current name and at least one "a/k/a" name. This rule applies to both the eRETR and paper return.